

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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JOSEPH E. CONNARTON, *Executive Director*

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MEMORANDUM

TO: Andover Retirement Board
FROM: Joseph E. Connarton, Executive Director
RE: Appropriation for Fiscal Year 2018
DATE: November 15, 2016

Required Fiscal Year 2018 Appropriation: **\$9,513,240**

This Commission is hereby furnishing you with the amount to be appropriated for your retirement system for Fiscal Year 2018 which commences July 1, 2017.

Attached please find summary information based on the present funding schedule for your system and the portion of the Fiscal Year 2018 appropriation to be paid by each of the governmental units within your system. The allocation by governmental unit was developed by Segal Consulting as part of their January 1, 2016 actuarial valuation.

The current schedule is/was due to be updated by Fiscal Year 2019.

The Housing Authority over-contributed to the Andover Retirement System by \$16,724 in FY17. As a result, the FY18 amount shown for the Housing Authority in the attachment should be reduced by \$16,724. Therefore this amount is \$68,028. Likewise, the FY18 amount for the Town should be increased by \$16,724.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446 Extension 921.

JEC/jrl
Attachments

cc: Town Manager
Town Meeting
c/o Town Clerk

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Andover Retirement Board

Projected Appropriations

Fiscal Year 2018 - July 1, 2017 to June 30, 2018

Aggregate amount of appropriation: **\$9,513,240**

Fiscal Year	Estimated Cost of Benefits	Funding Schedule (Excluding ERI)	ERI	Total Appropriation	Pension Fund Allocation	Pension Reserve Fund Allocation	Transfer From PRF to PF
FY 2018	\$11,207,072	\$9,513,240	\$0	\$9,513,240	\$9,513,240	0	\$1,693,832
FY 2019	\$11,780,328	\$10,464,565	\$0	\$10,464,565	\$10,464,565	\$0	\$1,315,763
FY 2020	\$12,382,752	\$11,511,021	\$0	\$11,511,021	\$11,511,021	\$0	\$871,731
FY 2021	\$13,015,827	\$12,662,123	\$0	\$12,662,123	\$12,662,123	\$0	\$353,704
FY 2022	\$13,681,114	\$13,928,335	\$0	\$13,928,335	\$13,681,114	\$247,221	\$0

The Total Appropriation column shown above is in accordance with your current funding schedule and the scheduled payment date(s) in that schedule. Whenever payments are made after the scheduled date(s), the total appropriation should be revised to reflect interest at the rate assumed in the most recent actuarial valuation. Payments should be made before the end of the fiscal year.

For illustration, we have shown the amount to be transferred from the Pension Reserve Fund to the Pension Fund to meet the estimated Cost of Benefits for each year. If there are sufficient assets in the Pension Fund to meet the Cost of Benefits, this transfer is optional.

SECTION 3: Supplemental Information for the Town of Andover Contributory Retirement System

EXHIBIT E

Department Results

	Water Department	Sewer Department	Housing Authority	School – Cafeteria Workers	School – All Others	All Other	Total
Active Participants							
Number	24	3	7	38	325	331	728
Annual payroll projected for calendar 2016	\$1,617,709	\$197,010	\$387,409	893,972	\$11,033,523	\$24,453,523	\$38,583,218
Average age	50.1	50.4	51.0	52.6	49.6	48.2	49.2
Average service	20.3	16.0	16.6	7.0	9.5	15.7	12.7
Normal cost	\$167,490	\$24,864	\$46,810	145,745	\$1,572,546	\$3,732,159	\$5,689,614
Administrative expenses	8,831	1,311	2,468	7,685	82,917	196,788	300,000
Expected employee contributions	148,319	19,871	36,656	81,866	1,027,333	2,384,592	3,698,637
Employer normal cost	28,002	6,304	12,622	71,564	628,130	1,544,355	2,290,977
Accrued liability	6,601,330	583,898	1,357,161	1,611,677	25,871,439	84,202,505	120,228,010
Retired Participants							
Number	8	3	4	18	145	254	432
Total benefits	\$308,025	\$93,689	\$66,383	\$138,943	\$2,009,645	\$9,691,642	\$12,308,327
Average benefits	38,503	31,230	16,596	7,719	13,860	38,156	28,491
Accrued liability	3,207,529	858,355	648,610	1,454,165	20,279,508	97,904,550	124,352,717
Vested Participants							
Number	1	--	2	2	6	9	20
Accrued liability	\$201,674	--	\$472,222	344,617	\$351,175	\$1,108,804	\$2,478,492
Inactive Participants							
Number	1	--	2	5	82	8	98
Employee contribution balance	\$10,905	--	\$15,599	\$11,634	\$323,946	\$79,088	\$441,172
Appropriation for Fiscal Year							
Ending							
2017	\$287,416	\$53,820	\$66,704	\$144,556	\$1,743,357	\$6,352,547	\$8,648,400
2018	316,508	47,960	84,752	173,888	2,006,850	6,883,282	9,513,240
2019	348,159	52,756	93,227	191,277	2,207,535	7,571,611	10,464,565

Notes: Administrative expenses are allocated in proportion to normal cost.

Fiscal 2018 appropriations are based on employer normal cost shown and amortization payments allocated proportionally to the actuarial accrued liability.

Fiscal 2017 appropriations are equal to the previously budgeted amounts determined with the prior valuation.